

SURREY POLICE GROUP FINANCIAL REPORT FOR MONTH 4 FINANCIAL YEAR 2016/17

10th October 2016

SUMMARY

The purpose of this report is to inform the Police & Crime Panel of the Surrey Police Group (i.e. Finances of both the PCC and Chief Constable) financial position up to Month 4 (July) for the 2016/17 financial year.

This report compares the expenditure and income incurred by both Surrey Police and the Office of the Surrey Police & Crime Commissioner, against the financial plan approved by the Police & Crime Commissioner in January 2016 for the financial year 2016/17, together with other relevant financial information.

The information contained in this report was presented to the Panel's Finance Sub-group at its meeting held on the 15th September 2016.

1. Introduction

The revenue out-turn position based on the information available at the end of Month 4 (July) is an over spend of £351 thousand against a year to date budget of £72.9 million, a variance of just 0.48%.

The year-end forecast is for an underspend of £1.132 million against the total revenue budget of £212.62 million, a variance of 0.53%. The main reason for the forecast year end underspend is that the number of Police Officers (1,944) budgeted for at the beginning of the year have not yet been fully recruited. Plans are in place to recruit more police officers throughout the year and additional costs associated with the deployment of PIYN mentors are being incurred across the Divisions, but nevertheless because of increasing officer turnover, it is unlikely the Police Officer pay budgets will be fully spent by the year end.

The Police Staff Pay Budget is forecast to be overspent by £200 thousand at the year end, due to savings from reduced posts being used to finance £1.6 million of one-off project costs. These projects include providing support for investigating historic abuse cases, providing information to the Goddard Inquiry (Child Sexual

Exploitation), providing information to the Pitchford Inquiry (Undercover Policing), with Sussex Police spending more on mobile policing and networking more flexibly the product from body worn video, and providing more resources to the Sexual Offences Team to deal with an increasing work load.

The non-pay budgets are expected to be underspent at the year-end by around £400 thousand, predominantly in the areas of premises and transport costs.

The Income and Grant Income budget is expected to be exceeded by £2.8 million at the year end, with additional income being received from the Surrey Camera Safety Partnership and more income than expected arising from the secondment of officers and staff to other police organisations.

The strategic savings programme built into the 2016/17 revenue budget has so far achieved 69% of the £10 million target that was set for this financial year. The remaining 31% of budgeted savings are proving more difficult to achieve than was originally thought and the Force is currently reviewing the outstanding savings to more accurately determine how much more can be realistically achieved by the year end. Failure to achieve the savings target in full would not produce a serious financial problem in the current financial year, but would mean that any unachieved savings would detrimentally affect the Medium Financial Term Plan as additional replacement savings would have to be found in the years ahead to replace the financial shortfall that will arise in the plan if alternative recurring savings are not identified.

2). Individual Significant Revenue Budget Variances

A Financial Overview statement is provided at Appendix A to this report which shows individual business unit financial variances. The reasons for any significant variances are given below.

2.1 North, East & West Division, Specialist Crime, Operations, Public Protection & Criminal Justice: These budgets are collectively underspent by just over £5.5 million primarily for the reasons outlined above of budgeted staffing establishments not being currently fully recruited.

2.2 IT: Expensive short-term arrangements are having to be put in place to provide the extra resources needed to keep pace with the increasing demands falling on IT. The Force have established a Gold Group to manage the IT position and a “Making IT Better” project has been set up to identify and minimise cost leakage. The overspend on IT has increased to £1.948 million at the end of July, but the steps being taken by the Force should see the overspend drop to £1.243 million by the year-end.

2.3 Estates: The Estates budget is overspent by £1.293 million at the end of July, the Force view being that this is because expenditure has been incurred at a different rate to the budget profile and not because of any known problems or difficulties. The expectation is that by the end of the financial year the Estates Budget will show a small underspend of circa £157 thousand.

2.4 People Services: With recruitment being increased and the implementation of PIYN having recently taken place, more training is being undertaken across the Force and this has led to a £1.475 million overspend at the end of July. As the year progresses the demand for training is expected to drop off, but nevertheless by the year-end expenditure is likely to exceed the budget by circa £450 thousand.

3). Capital Position

A detailed Capital Report can be found at Appendix B of this report.

The previous PCC approved a capital budget for 2016/17 of £10.2m, which when combined with a carry forward from 2015/16 of an additional £6.5m gave a total capital budget of £16.7m for the current financial year. The new PCC recently approved a revised capital budget for 2016/17 of £12 million, with the remaining £4.7 million planned to be carried over to the following financial year. The PCC has also agreed to greater flexibility being applied to the future management of the capital programme, so that where appropriate, schemes can be brought forward into the programme if funding becomes available as a result of slippage on programmed schemes. Managing the capital budget more flexibly is designed to reduce the need to have to carry large funding sources over from one year to another.

Total capital expenditure at month 4 amounts to £1.866 million, with committed orders totalling £2.7m.

4). Summary

The Month 4 figures show that Surrey Police despite having some budgetary issues to contend with, remains on target to achieve a year-end out-turn that complies with the budgetary targets set by the previous Police & Crime Commissioner in January of this year for both the revenue and capital budgets and it is very probable that a small underspend will be incurred by the 31st March 2017.

EQUALITIES & DIVERSITY IMPLICATIONS:

None arising.

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